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SUBJECT: GOVERNOR OF ALABAMA VISITS ARGENTINA

Governor Riley Leads Alabama Trade Mission to Argentina

¶1. On June 4-6, 2008, Ambassador welcomed a 43-member Alabama Trade Mission led by Governor Bob Riley and organized by the Embassy's Commercial Section. The purpose of the mission was to increase awareness and promote future business opportunities between the State of Alabama and Argentina. During the visit, Governor Riley and the Ambassador met with Minister of Foreign Affairs Jorge Taiana, Buenos Aires Provincial Governor Daniel Scioli, and Buenos Aires Mayor Mauricio Macri. In each of the meetings, the Governor highlighted Alabama's \$500 million investment to remodel its port in Mobile, stressing that it could be used as a gateway to the Midwest for Latin American goods. He also noted a recent USD 4.2 billion investment by Thyssen-Krupp, which is in the process of building a carbon and stainless steel processing facility in the city of Mt. Vernon. In addition to his VIP delegation representing various State agencies, the Governor was accompanied by 15 educators from the Universities of Alabama, Auburn, Troy and Tuskegee who traveled to Argentina to learn more about business and cultural practices in hopes of promoting greater opportunities for educational exchanges and attracting more Argentine students. Five Alabama-based firms also participated and utilized FCS' Gold Key Service in hopes of developing/increasing their market presence in Argentina. END
SUMMARY

Governor Riley Meets Foreign Minister Taiana

¶2. Alabama Governor Bob Riley, accompanied by Ambassador Wayne, met June 4 with Foreign Minister Jorge Taiana. Also in the meeting from Alabama were State Senator Roger Bedford, Policy Director Brian Taylor, and Director for International Trade Hilda Lockhart. MFA participants included Under Secretary for Bilateral Relations Ambassador Vicente Espeche Gil and International Trade Director for North America and Hemispheric Affairs Alejandro Casiro.

Mobile Gateway to the Midwest

¶3. Gov. Riley focused most of his comments on the pending inauguration of the completed work to upgrade and modernize the Port of Mobile, a USD 500 million-plus investment that will make the Port one of the most modern and efficient in the U.S. Gov. Riley explained the geographical and logistical advantages of the Port, noting that interstate and rail connections would give importers easy access to the Midwestern region of the U.S.

¶4. FM Taiana noted that Argentina traditionally had looked to ports on the eastern seaboard to ship its goods but that it was important that there be alternative access to the U.S. Commenting on the technological upgrades to the Port of Mobile, Alejandro Casiro stressed how important this will be as the U.S. moves to 100 percent

screening of all container cargo.

Trade Missions and Education

¶5. Ambassador Wayne explained that the Governor was accompanied by a large educational delegation from Alabama universities, and that their visit was a good opportunity to expand contacts and facilitate exchanges. Gov. Riley noted that Alabama had an existing program (the 1-2-1 Program) with China in which students could do one year at home, two years at a foreign University, returning to their home University for the final year, and receive a degree from both Universities. He noted the possibility of exploring a similar arrangement with Argentina. Embassy officials introduced members of the delegation to several local universities who are interested in establishing exchange programs with U.S. universities.

¶6. Alejandro Casiro noted that the MFA would be organizing a number of trade delegations through their Consulate in Atlanta. One delegation planned to visit Birmingham. Gov. Riley stated that Alabama would be glad to host any delegations and would be particularly interested in giving delegations a tour of the new Mobile Port facilities. He also encouraged the MFA to consider including an educational component in their trade delegations, something FM Taiana said was a very good idea.

Alabama Moving Forward With Brazil: Biofuels and Steel

¶7. Gov. Riley asked FM Taiana about the FAO meeting in Rome, from which Taiana and President Fernandez de Kirchner had just returned. Taiana said the meeting was very important with a lot of discussion of the structural aspects of rising food prices. The Governor noted that there had been significant criticism of the U.S. and its use/diversion of food crops for producing biofuels. He explained that the delegation would be going to Sao Paulo next to discuss biofuels initiatives, among other issues, and said that Alabama and Brazil were looking at the potential for growing sugarcane in Alabama. Using technology developed by a California company, the plan is to turn that sugar into jet fuel. The Governor said that people were recognizing that we can't continue to use food crops to produce fuel. Developing sugarcane and similar alternative sources would take the pressure off of corn, soybeans, and grains.

¶8. The Governor also noted a recent USD 4.2 billion investment by German steel giant Thyssen-Krupp for the construction of a carbon and stainless steel processing facility in the city of Mt. Vernon. The Governor explained that the company will import iron ore smelted in Brazil and then roll and process it in their Alabama facility to supply a strong Alabama automobile industry, among others.

Governor Scioli Welcomes Governor Riley

¶9. The Governor, accompanied by his Alabama colleagues and Ambassador Wayne, met June 5 with Buenos Aires Province Governor Daniel Scioli. Governor Scioli was joined by two cabinet members including Secretary of Investment Promotion, Exports, and International Cooperation Alfredo Atanasof.

¶10. As in his other meetings, Governor Riley and Senator Bedford highlighted Alabama's strong economic growth and successful distance education program. Governor Riley discussed the transformation of Alabama's economy from a low-skill, garment-based economy to a high-tech economy. In addition to citing statistics on Alabama's transformation, Governor Riley discussed Alabama's growing automobile production, deep-water port and 1-2-1 University international exchange program. Scioli seemed thoroughly interested in bilateral trade activities between the two regions and Alabama's impressive economic growth.

Political Musings

¶11. Scioli joked that his experience racing motorboats was good training for the rough waters of the Argentine political environment. He noted the cyclical nature of politics and Argentina's economy, highlighting potential shortages of foodstuffs and energy and calling for Argentina to become a value-added producer. Scioli held the government line regarding the conflict with the agricultural sector, telling the delegation how the success of soy had displaced production of other agricultural staples. Scioli suggested the conflict with the "campo" would soon end because it was too damaging. Scioli noted an Argentine tendency to politicize and escalate problems before reaching solutions. He reflected that the respectful discourse of the U.S. democratic candidates contributed to public peace of mind. Both Scioli and Atanasof mentioned the importance of Argentina's recovery from the 2001 economic crisis and how its economic success since 2001 set the table for today's debate in Argentina about the distribution of wealth and resources.

¶12. In response to Governor Riley's suggestion that Scioli may be a future presidential candidate, Scioli replied that he first was focusing on doing a good job as Governor in order to be able to accomplish more in the future. He expressed admiration for Barack Obama's speeches and discussed political vocabulary. In particular, Scioli observed that the word "change" was very strong and successful in politics and had worked for Obama. Scioli added that he, like Hillary Clinton, used the word "solutions." Scioli told Governor Riley that he attended both the Republican and Democratic National Conventions in 2004. Scioli was unsure whether he would travel again in 2008 for the national conventions, but expressed interest in visiting Alabama. Scioli commended Governor Riley and Senator Bedford for working together across party lines.

Twin Provinces

¶13. Secretary Atanasof noted similarities between the State of Alabama and the Province of Buenos Aires. Both are leaders in automobile production and agricultural machinery, with Buenos Aires Province set to produce 750,000 automobiles this year compared to Alabama's 850,000. They have a similar number of public universities, with 14 in Buenos Aires Province and 15 in Alabama. Finally, Alabama and Buenos Aires Province have similar export levels, with Alabama being the number 26 market for Argentine exports in the world. Atanasof sought to strengthen the economic relationship between Alabama and Buenos Aires Province, seeking both increased investment from Alabama and increased exports to Alabama, in addition to knowledge sharing to apply lessons from Alabama's growth, which has led all other U.S. states for the past four years.

Next Steps

¶14. Scioli expressed specific interest in finding contact information to follow-through on the political will expressed by the Alabama delegation. Governor Riley named Director for International Trade Hilda Lockhart as the point-of-contact and stated Alabama would enjoy hosting a trade delegation from Buenos Aires Province. Scioli indicated his staff would bring together the companies exporting to Alabama for such an endeavor. Finally, Governor Riley invited Scioli to Alabama for an informal dinner at the Governor's Mansion to discuss Alabama's economic transformation. Scioli said he would visit.

From Province to City, Governor Riley Meets With Mayor Macri

¶15. After visiting with Governor Scioli, Governor Riley, accompanied by the same group met with Buenos Aires Mayor Mauricio Macri, who was joined by some of his cabinet members, the city's international relations director Fulvio Pompeo, the PRO party's foreign policy adviser (and former ambassador to the U.S.) Diego Guelar, and National Deputy Eugenio Burzaco.

¶16. Gov. Riley said the South, including Alabama, leads the United States in economic growth. During this unprecedented boom, Alabama maintained its high quality of life rankings. He noted that, while automobile plants were closing in the northern industrial belt of the United States, Alabama was continuing to attract new assembly plants. Just eight years ago, there was no automobile production in Alabama, but this year Alabama would manufacture 850,000 vehicles. The Governor pointed to similarities between the economies of Alabama and Argentina, particularly their mix of industries and agriculture.

¶17. As in his previous meetings, the Governor cited the recent \$500 million investment in upgrading the Port of Mobile, giving it a "quantum leap" in technology. The Governor said Mobile, with deep water within 20 miles of its port, offered the best access to the central United States via interstate highway and rail connections. He noted strong Brazilian and Chilean interest in using Mobile's Port. The Governor also highlighted the Thyssen-Krupp investment.

Follow-up

¶18. The Governor told ComOff upon his departure that he was thoroughly pleased with the quality of his meetings. The Governor noted that, if Scioli or any other Argentine delegation were visiting the United States, he would offer the Governor's plane to transport them to Alabama so that he could personally host them and provide a tour of the State and highlight their new Port. The Governor mentioned that he would try to participate in the August "Americas Competitiveness Forum" held in Atlanta, and was hopeful that Governor Scioli would lead an Argentine business delegation to the event. In addition to the Governor's official meetings, FCS organized programs for five Alabama-based companies looking to penetrate/expand their business in Argentina. FCS also organized a two-day agenda for more than 15 educators from the Universities of Alabama, Auburn, Troy and Tuskegee. The main purpose of their visit was to obtain a better understanding of Argentine business culture, attract more Argentine students, and generate more opportunities for future exchanges.

WAYNE